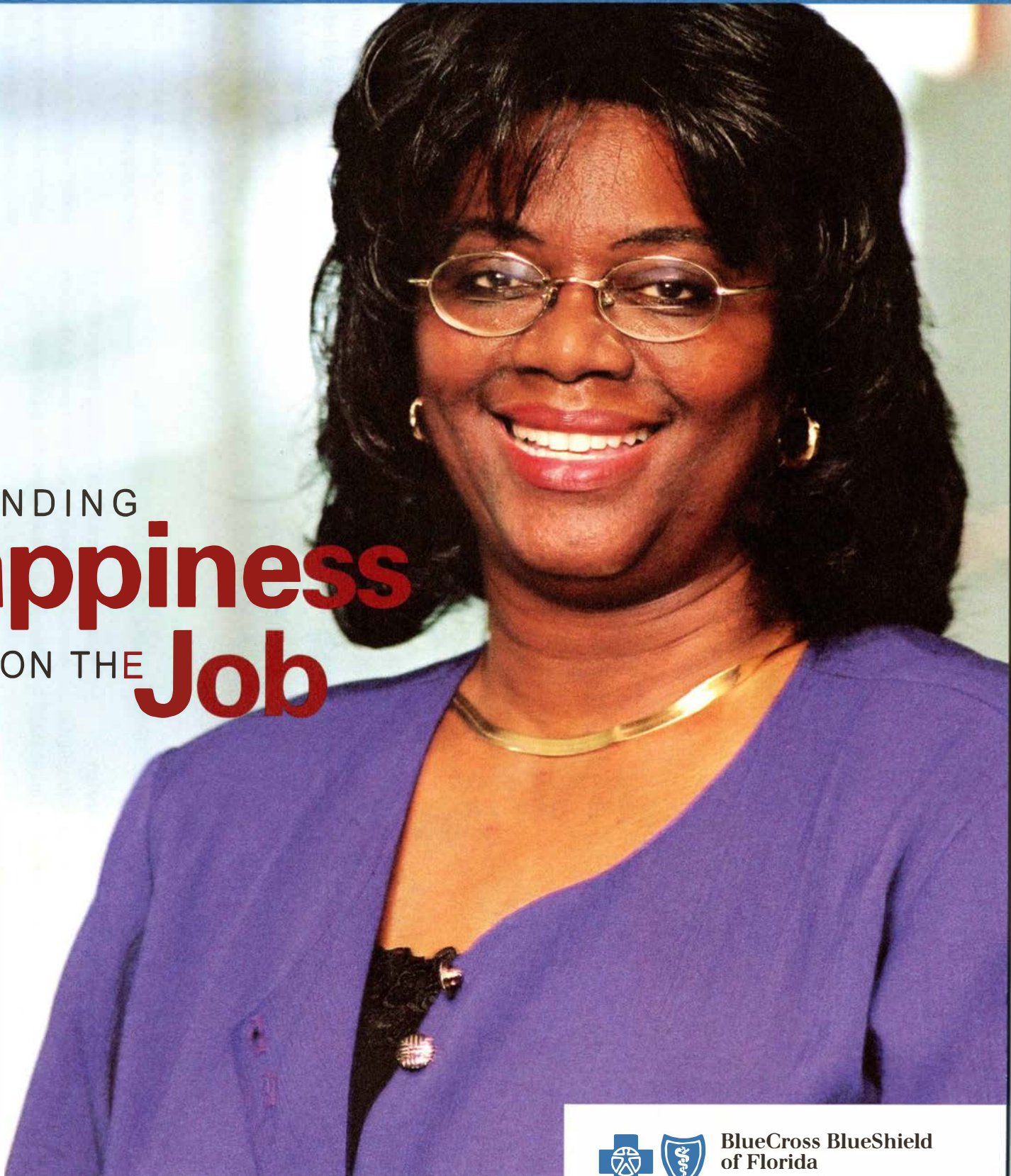


FALL 2003

perspectives

CELEBRATING YOUR ROLE IN OUR SUCCESS

FINDING
Happiness
ON THE **Job**



**BlueCross BlueShield
of Florida**

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FALL 2003

perspectives

CELEBRATING YOUR ROLE IN OUR SUCCESS

DIVERSIFIED BUSINESS: ON A

Journey Toward

Success

The Diversified Business sector is poised for growth with a new strategic plan that will help the Enterprise provide caring solutions and deliver an array of choices that complements our health business.

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FINDING HAPPINESS *on the Job*

Public Affairs recently reported the results of the 2003 Communications Survey to the Enterprise. As editor of *Perspectives*, I want to personally thank each of you who took the time to share your thoughts with us — specifically about *Perspectives*. Your feedback indicated the new design and format launched earlier this year strengthened your opinion of the publication. Readership increased 25 percent indicating more than three-quarters of you are reading it. An overwhelming 97 percent indicated the publication was easy to read and understand. These improvements were made as a direct result of your feedback in the 2002 survey! So, again thank you — your feedback is very important to us. And, you don't have to wait until next year's survey to share your thoughts and comments. You can send an email anytime to BlueViews.

The Fall issue of *Perspectives* focuses on strong business relationships and customer commitment. *InFocus* features a story about Mary Bell, a Blue Cross and Blue Shield of Florida (BCBSF) employee, who demonstrates dedication to her work with more than 30 years of perfect attendance. The Diversified Business sector is featured because of its new strategic plan that will

help the Enterprise provide caring solutions and better serve our customers. Every day, BCBSF interacts with a multitude of publics, and Public Affairs works hard to build confident relationships with them. We also feature a story about how BCBSF employees worked literally hand-in-hand with Florida's physicians and hospitals to help pass positive medical malpractice reform laws — demonstrating our commitment to our customers and with all stakeholder relationships.

The Public Affairs team congratulates Donna Quick, the grand prize winner of the *Perspectives* "SCORE! with Game Pieces" contest. Quick, a member of the Human Services Group Total Rewards team, was randomly selected from all the correct entries — those who found all of the hidden puzzle pieces in the Summer issue of *Perspectives*.

Among the many gifts Quick will enjoy is a Football Game Day Experience on Nov. 30, 2003 at the Jacksonville Jaguars and Tampa Bay Buccaneers football game, a limo ride to the game, dinner buffet, sideline passes and more.

Thanks to the more than 1,100 of you who participated in the contest. 🐚



A prize patrol surprised Quick at her team's staff meeting announcing her big win. (l-r) Kathy Nelson, Libby Kelly, Robin Sullivan, Donna Quick, Rebecca Lynn-Crawford, Kelly Morton and Dave Pizzo.

Perspectives is also available on the Intranet at blueviews.bcbsfl.com.

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Point of View



The Summer issue was the best issue of *Perspectives* yet. At first I was a little shocked by the new size of *Perspectives*, but it has definitely *grown* on me.

Thank you for endeavoring to keep us informed.

> Mindy Rathbun
Service Associate
PPO Control Plan / Major Accounts



I just wanted to send a note to thank you for changing the new format. The first enlarged version made it a little difficult to handle and file, but the new fold improves that!

Also, thank you for mentioning the money that was saved by changing the format and the type of paper. That's great!

> Novik M. Lee
Direct Marketing
Individual Consumer Business Unit



I think the article in the Summer issue about Empower titled, "*New Tools Enable Better Customer Service*," is a wonderful article. However, a part of the process is missing from the article. It would please BCBSF employees to learn more about our process as well.

Before BlueOptions customers reach the Empower Member Service Organization, they can go through an enrollment process — if the group so elects. The Web Enrollment Service Organization provides our customers with the capability to chat, email and/or call us regarding their inquiries. It would be nice to read in your upcoming *Perspectives* issue an article on this team.

> Deborah A. Cornelious
Empower Web Benefit Enrollment Unit



I wanted to write to let you know how much I appreciated the *Perspectives* Summer 2003 "InFocus" article on BlueOptions (Empower). The article was so interesting because it communicated the experience of one of our customers, Christ Fellowship in Palm Beach Gardens. The article identified how BCBSF

is offering affordable solutions and new capabilities to a small business. I certainly appreciated hearing about BlueOptions from the customer perspective.

As we develop BlueOptions for the individual market (BlueOptions Direct), I am very excited that we are developing new products and capabilities from an individual customer perspective and focus. It makes me even more confident that BCBSF will be around for a very long time. To all those who are working on our next generation of products and services, I wanted to say "thank you."

> D. Rob Haley
Individual Consumer Business Unit

SEND US YOUR **POINT OF VIEW**.

You can submit your letter to the editor by sending an email to BlueViews.

Tidbits

Did you Know?

BCBSF's Safety and Security department has provided the following services to the corporation through the third quarter 2003:

- Screened and registered 28,010 visitors
- Screened and secured 4,446 packages and deliveries
- Provided 3,032 individuals with an escort either to or from their car
- Received 686 calls for service
- Provided 381 individuals assistance concerning their car (dead battery, flat tire, etc.)
- Identified 212 safety hazards during patrols
- Provided 153 people with medical assistance
- Responded to 42 fire alarms
- Investigated and assessed 20 situations concerning threats of violence



FINDING Happiness *on the Job*



If one of our most valuable assets is employees, then Mary L. Bell is a true gem. She joined the Blue Cross and Blue Shield of Florida (BCBSF) family more than 35 years ago, on Dec. 19, 1967. She has many fine qualities including dedication, caring and a quest for knowledge that demonstrate a responsibility to the people in her life, at work and at home.

Bell's dedication to the people she works with is evident from her more than 30 years of perfect attendance. Her coworkers marvel at this fact but to Bell, the explanation is simple. "You've got to like your job, and you have to get up, get dressed and come to work each day," says Bell. "I really like my job and that makes a difference."

Bell has held many positions during the years with great pride, including her very first position as a housekeeper in building maintenance. Even then, Bell recognized the opportunities for learning and advancement within the company. "From day one, I've seen this as a place of learning," says Bell. "I've learned something every day in each of my positions at BCBSF."

Tidbits

Did you Know?

- The U.S. population is expected to grow to 400 million by the year 2050. Eight states have population growth rates of more than 2 percent, which means their population will double in less than 35 years. Florida's population has grown from 1.9 million in 1940 to 15 million today. That is more than a 600 percent increase in just 50 years.
- Florida is the third largest Hispanic market in the nation, the fifth largest African-American, ninth largest Asian and tenth largest Native American.
- 1.2 million Haitians reside in the United States, and two-thirds of them live in Florida.
- By 2040, more than 45 percent of our population will be 65 years and older.



Diversity
Celebrating Our Differences
Embracing Our Similarities

Due to Bell's thirst for knowledge, she has advanced many times within the BCBSF family. Currently, she holds a customer service representative II position in National Account Service Operations (NASCO). She projects a professional image while dealing with new developments on a daily basis. It is the daily work that keeps her job interesting. "There's always something that's going to come up,"



Mildred Griffith, NASCO customer service manager, arranged a special breakfast celebration for Bell, her team and friends who have shared in Bell's career.

members. "I've seen BCBSF trying to keep costs down," said Bell. "That's good for us — the employees. That's an example of caring solutions."

BCBSF strives to provide challenging and stimulating professional opportunities for each of its employees. In turn, this allows our members to receive the health care solutions so

“Mary’s *dedication* is commendable and especially worthy of extra recognition.”

says Bell. "Being able to adapt to change is part of why I like my job," she continues. "When you're dealing with customers, you have to handle each one of them professionally. My experience allows me to handle even an irate customer, and when they hang up, they are satisfied."

Bell continues to show a strong commitment to quality year after year, as demonstrated with her perfect quality score for the first and second quarters of 2003. Bell is the top recipient of "Stoplight Awards" as part of NASCO's Customer Comment Recognition Program, recognizing employees who receive positive feedback from our customers. Bell is a strong role model to her teammates. Tresa Dunn, customer service representative, says, "She's always professional. When we get bogged down with a lot of calls, you turn to Mary and she says, 'Take them one at a time. We'll get to each one.'" That encourages Dunn and others on the team because it releases the tension and helps to reduce the stress of the day. Bell provides caring solutions to her teammates and customers each day with first-contact resolution.

Keeping an open mind and being flexible on the job has allowed Bell the opportunity to move up within the company and to be recognized for her contributions. Mildred Griffith, Bell's supervisor, says, "Mary's dedication on the job is commendable and especially worthy of extra recognition." To provide this recognition, Griffith arranged for a breakfast celebration for Bell, her team, her supervisors and other friends who have shared in Bell's career. Many people attended the event that celebrated Bell's commitment to a job well done.

This celebration was a toast to Bell's dedication. Many people stood and commended her helpfulness. In fact, a few people mentioned that Bell's encouragement, straight talk and gentle reminders made the difference in the success of their careers at BCBSF.

"It's important to enjoy your job, and I like the people here. I like helping as much as I can," says Bell. "Plus, I enjoy the company experience." Seeing that the company models caring solutions through dealings with employees, it's easier to continue that philosophy with our



Evelyn Colon, director of NASCO Canadian Operations, points out Bell's strong commitment to quality as the top recipient of "Stoplight Awards," NASCO's Customer Comment Recognition Program.

essential for their daily lives. Flexibility, dedication and respect — these qualities that Bell displays reflect a professional who fulfills her daily responsibilities to friends, family and colleagues. Here's wishing you many more years of happiness, Mary!

TOP FIVE STATES OF HISPANIC POPULATION GROWTH 1995-2025 PROJECTED					
STATE	JULY 1995	JULY 2000	JULY 2005	JULY 2015	JULY 2025
California	9,206,000	10,647,000	12,268,000	16,411,000	21,232,000
Texas	5,173,000	5,875,000	6,624,000	8,294,000	10,230,000
New York	2,541,000	2,805,000	3,071,000	3,664,000	4,309,000
Florida	1,955,000	2,390,000	2,845,000	3,828,000	4,944,000
Illinois	1,090,000	1,267,000	1,450,000	1,840,000	2,275,000

Source: U.S. Census, 2002

“This road map provides clear direction
for *Diversified* on its
**journey to provide
caring solutions.**”

BlueSky
Diversify



Barbara Benevento, group vice president,
Diversified Business sector

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Diversified Business is a customer-driven group of insurance and related businesses that provides life, disability, dental, long-term care, workers' compensation and third-party administration services. Barbara Benevento, group vice president, was tapped to take over the reins as Sector Head earlier this year as Walt Liptak, president of Florida Combined Life and vice president of Business Solutions, transitions toward retirement from the company.

“Redesigning our strategy resulted in a road map,” says Benevento. “This road map provides clear direction for Diversified on its journey to provide caring solutions.”

Benevento says Diversified approached strategy development a little differently. In addition

to Diversified's human resources, the strategy development team reached across the Enterprise to involve people like Winston Ball, director of Corporate Development, Brian Foley, Information Technology Strategy, Jill Gleeson, e-Business sector head, Jean Hull, group vice president of Health Business Strategy, Fred Ryder, vice president of Corporate Development and Craig Thomas, vice president of Product Development and Management, to ensure the strategy complemented the business we're in as an Enterprise. “We wanted to have alignment,” says Benevento.

“During the last 15 years, Liptak brought us [Diversified Business] to a high level of success and built a strong foundation in areas where we'll see high growth,” says Benevento. “For the next five years, the challenge we have is to make it easier for individuals and groups to do business with us.”

When Liptak joined Blue Cross and Blue Shield of Florida (BCBSF) in 1988, the company was brokering life insurance products to its customers. Liptak led the effort to develop and

sell our own life insurance. That venture has grown to include disability, workers' compensation, flexible spending and dental care (no longer a benefit in a health care plan but now a stand-alone with its own array of choices: HMO, PPO, indemnity or copay plan.) Within the last few years came the addition of long-term care insurance along with home health care and a services-only product.

“From a service standpoint, an example of how to make it easier for customers to do business with us is to have our customers make a single phone call as opposed to a number of calls to various companies or departments,” says Benevento. “We want to market these products in such a way that the employers, employee groups and individuals can buy a package and receive more value.

“The good news,” Benevento says, “is that we completed the strategy and are sharing it across the Enterprise and incorporating the work into our business and operational planning. It's being very well received — now it is time to execute our plan for our customers.”

brand matters

FALL 2003

BROUGHT TO YOU BY BRAND & MARKET COMMUNICATIONS MANAGEMENT



HERITAGE

The longer a brand is in existence, the greater a heritage it develops. A heritage brand carries with it a great responsibility and degree of trust. The market raises the performance bar for heritage brands. Success and customer-focus are expected. Failures are rarely ignored and not easily forgotten – think “New Coke.” Strong brands, particularly heritage brands, create an emotional relationship with consumers. The brand is known to possess certain traits and values. There is a degree of predictability. When a brand does something that is out of character, it risks alienating loyal customers. What if Harley-Davidson® introduced a hot pink scooter or hired a “wimpy” spokesperson? This would go against their heritage of having the “bad boy” image.

With a history of nearly 60 years, Blue Cross and Blue Shield of Florida (BCBSF) stands for strength, experience and commitment. These traits require that we continually work to respond to the changing marketplace through the delivery of caring solutions. As our Promise states, when it comes to our friends, family and neighbors, “we wear our responsibility proudly and strive to earn their continued respect and trust everyday.” In addition to being good business, this sense of responsibility stems from our deep heritage and commitment to the health and well-being of Floridians.

There are many roles that the history of a brand can play. For employees, it can give a sense of pride. “Brands with a rich heritage tend to have high levels of moral.”¹ Through the ability to see where a company started and where it is today, a sense of progress and accomplishment can be created.

From a business perspective, an understanding of the past can aid us in improving our future. It allows us to see what has and has not worked, giving us the opportunity to learn from our mistakes and leverage our successes. A sense of history can provide insights into what we do and don’t do well, thus guiding our future activities. For example, the Wm. Wrigley Jr. Company has stood by its history of strength as a gum manufacturer. While competitors have extended into the candy category, they have remained in the gum business, but have extended that strength into the health arena. The Wrigley Healthcare Division was established in 2000 to develop and market products that use chewing gum to deliver active ingredients that provide health benefits.²

Brand heritage can be displayed in a variety of ways. Many corporate web sites provide historical brand information. Visual displays of historic memorabilia are another vehicle. The fashioning and design of a brand is another method to preserve a rich heritage. For example, The Ritz-Carlton® has retained a

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BRAND IN ACTION

Blue Cross and Blue Shield of Florida (BCBSF) has a long history of giving back to the community. From corporate and employee giving, in-kind donations and employee volunteerism, we stand behind our commitment to the public good. It is part of what the BCBSF Brand has come to mean. While employees have always taken an active role in their communities, the Blue Community Champions program has given employees a central information point to see the numerous volunteer opportunities available across the state. It also provides a vehicle for keeping track of the number of hours individuals and groups of employees donate. In 2002 alone, employees gave 30,000 volunteer hours to 150 agencies across the state and in Connecticut. This means significant opportunities for BCBSF to have a positive presence in the communities we serve and live. And, if we can wear our BCBSF shirts while volunteering, we can literally "wear our responsibility proudly."

Some quick facts on 2002 community involvement include:

- 530 volunteers built Habitat for Humanity homes in the Jacksonville area.
- BCBSF employees collected 25 tons of food for 10 organizations.
- More than 5,300 school supplies were collected for Florida Department of Children and Families and The Salvation Army.
- Holiday adoption supported 469 children, families, disabled and elderly adults for Florida Department of Children and Families.

One of many examples of our community presence is our partnership with the Jacksonville Jaguars. Since 2000 we have been the Official Health Plan of the Jacksonville Jaguars and their Official Community Relations Partner. In addition to giving employees some fun volunteer opportunities such as Junior Jaguars Training Camp and the Donovan Darius Youth Foundation's Life Skills Camp, the partnership has afforded both

organizations the opportunity to recognize employees and players who have made outstanding contributions to the Northeast Florida community. Each year, one Jaguars player and one BCBSF employee are recognized and presented with the *BCBSF Community Champion Award* during a half-time presentation at the last home game of the Jaguars regular season. BCBSF and Jaguars winners, respectively, for the last three years were:

2000: Susan Brandenburg and Fernando Bryant

2001: Mainor Andrews and Renaldo Wynn

2002: Vena Patton and Donovan Darius

In addition to the recognition of their commitment, each award recipient names a charity of their choice to receive \$2,500 from BCBSF on the winner's behalf.

Remember, our Brand is much more than our name and logo. It's about all of us and the people we serve. Keep up the good works!

2000



**Susan Brandenburg
& Fernando Bryant**

2001



**Mainor Andrews
& Renaldo Wynn**

2002



**Donovin Darius
& Vena Patton**



MEASURES AND METRICS

Through our on-going research with consumers and business decision-makers (BDMs), we know that our Brand does not perform as well with the BDM audience as with consumers. Scores are consistently lower on measures such as "Is a leader in finding new and better ways of providing health care and health care coverage," "Provides good value for the cost of coverage," and "Makes you feel in control." Additionally, we have seen declines on these and most other tested attributes since 1998.

With the introduction of BlueOptionsSM and the many services and capabilities that accompany it, BCBSF has a great opportunity to make in-roads with this critical audience. To promote these new offerings, BCBSF launched a multi-media campaign on October 20 that will run through November 21. Titled *"What's New from Blue?"*, the campaign targets BDMs with messages about BlueOptions, care and information programs and product offerings from Diversified Business. It will run in Sarasota, Panama City,

Tampa, Miami, Ft. Lauderdale, West Palm Beach and Jacksonville.

The campaign utilizes a variety of media outlets: radio, television, Web, direct mail, a new Web site and CD-ROMs that will drop in major daily newspapers and business journals. The CD-ROM features information about BlueOptions, BlueDentalSM, Life EssentialsSM, BlueComplementsSM, MyBlueServiceSM, Health Dialog[®], and much more. This interactive tool allows customers to see firsthand how they can take control of their health care and health care decisions through many of these programs.

Since 1960, the average US resident has experienced a dramatic increase in the number of advertising messages they are exposed to on a daily basis. In 1960, the number was 1,500 and by 2000 it was up to 5,000 advertising messages per day. Add to this the many new ways in which to communicate them – internet, product placement in movies, even mobile-phone display

screens.¹ In order to break-through the clutter, an innovative and distinctive approach was required that would reach and speak to the target audience – the health benefits decision-maker. With its rich content, catchy delivery and unique, multi-media approach, the campaign will help get the word out about the great and new things happening at BCBSF. If you are interested in seeing the contents of the CD-ROM, visit

www.newfromfloridablue.com.

¹ Nore A. Aufreiter, David Elzinga and Jonathon W. Gordon, "Better Branding," *The McKinsey Quarterly*, 2003 Number 4.



sense of its history through its signature cobalt blue goblets. For as long as The Ritz-Carlton, Boston (the first in the chain) has been in existence; blue goblets have been part of the place setting. These goblets were designed to match the blue crystal chandeliers in The Dining Room. Coincidentally, blue glass was considered a status symbol in 1920's Boston. Window glass imported

from Europe underwent a chemical reaction when hitting the Boston air and turned blue. Blue glass windows meant the homeowners could afford imported glass. The Ritz-Carlton, being quite fashionable, ordered glasses in this color.³

By understanding and taking the heritage of our Brand into account, it does not mean we will continue to do the same things the way they

have always been done. Change is inevitable, particularly in today's health industry. Among the many other benefits, understanding our Brand and its history provides us with a guidepost and measuring stick for decision-making.

¹ Kartikeya Kompella, "Your brand's heritage may hold the keys to its future," www.brandchannel.com

² www.wrigley.com

³ www.ritz-carlton.com

Special thanks to BCBSF Corporate Archivist, Michael Kucsak, for his insights to this article.

BRAND OBSERVER

One of the great American heritage brands is the Harley-Davidson® Motor Company. Recently celebrating its 100th anniversary, it is a brand that has survived through some tough times, but thanks to a commitment to preserving the legacy, has experienced resounding success. Images of riders taking to the open road on their Harleys have become the stuff of American icons. Harley motorcycles have become such a part of American history that the Smithsonian National Museum of American History owns four vintage Harleys.

Founded in 1903 and incorporated in 1907, the Motor Company still bears the name of its founders, William S. Harley and brothers Arthur, Walter and William A. Davidson. Its classic "Bar and Shield" logo was first used in 1910 and endures today. Another aspect of heritage comes in the form of design. Since 1925, the gas tanks have had the distinct teardrop shape. The uniqueness of a Harley comes not only in its look, but in its sound and feel. The distinctive sound of its idling engine is an intentional result of pistons that fire unevenly. In addition to capturing many senses, there is a strong emotional

attachment to the brand. Forty-two percent of Harley purchasers in 2002 owned one previously and another 28% were either new to motorcycling or hadn't owned one for at least the past 5 years.

Early on, Harley-Davidson knew the power of event marketing and merchandising. In 1947, attendees



at that year's Dealers Convention were given a train ride to a "secret destination," which turned out to be a newly purchased plant. That same year the Motor Company started selling the classic black leather motorcycle jacket that has become a staple of riders everywhere.

Since then, "events" and "riders" have become core elements of the Harley owner experience - from yearly rallies to anniversary events. The famed Harley Owners Group

(H.O.G.) was formed in 1983.

Twenty years later, its membership exceeds 500,000.

The company has had its share of difficult times. In the 1960s and 70s, it lost ground to an influx of Japanese bikes and it was bought by American Machine and Foundry (AMF) in 1969. But a decade later, 13 senior Harley-Davidson executives, including Willie G. Davidson, grandson of one of the founders, bought the company back in what Davidson calls a "...decision (that) was more emotional than financial." He stated, "If there was a chance to save this great institution, I wanted to be a part of it."

Now at its milestone 100 year anniversary, the Harley-Davidson Motor Company legacy lives on. In addition to strong business performance - in 2002, Harley-Davidson, Inc. accounted for 47% of the market share in the United States and Canada and 30% worldwide - they are committed to the preservation of their heritage.

www.harley-davidson.com

"Wild Thing" by Robert F. Howe, Smithsonian, August 2003.

Diversified Business



The strategy embraces the Empower platform and complements Enterprise health business by leveraging Enterprise assets, such as the Blue Brand, distribution and customer base.

The strategy focuses on three areas of excellence: strategic alliances, distribution and product development. Where it is more efficient to form a strategic alliance to develop a product, Diversified Business is building those alliances. Although licensed to conduct business in other states, the group will continue to focus on the Florida market first and will explore opportunities in other states as appropriate.

“We looked at execution plans for each area of excellence,” Benevento says. “As we roll out new products, we will determine if we should provide them alone or ally with others, such as other Blues Plans.”

Among the new products are individual life, including interest-sensitive products, stop-loss medical insurance designed to mitigate the impact of health claims expenses for self-insured employers and Health Reimbursement Accounts (HRA), which enables employees to

use pre-tax employer dollars for out-of-pocket health expenses. These new products will increase our cross-selling opportunities to both new and existing health customers.

“We want to grow significantly,” Benevento says, “and one way to do that is retention. If a customer wants more products and services and they buy those from BCBSF, we will see retention and growth.”

Diversified Business not only redefined its strategy, it came up with a brand for the sector, “BlueSky Diversify,” so employees could clearly identify with their sector while also linking back to the Enterprise’s overall strategy. The logo for BlueSky Diversify was unveiled to employees along with the sector’s five attributes to provide caring solutions.

“BlueSky Diversify helps employees understand that all the work we do helps support the Enterprise’s goals as a whole,” says Benevento. “The Diversified Business team should live out the attributes in all of their work activities.”

This new direction required Diversified Business to refine its organization and more effectively align the work against goals — making it easier for customers to do business with us. The redesign announced in late September was a result of benchmarking competitors as well as discussions with key leaders in the organization. The sector has now moved from a business unit structure to a functional structure — enabling it to better focus on the customer, says Benevento.

DIVERSIFIED BUSINESS SECTOR’S ATTRIBUTES TO PROVIDE CARING SOLUTIONS:

Dynamic

- Characterized by continuous improvement and results; active

Flexible

- Capable of adapting to change
- Strong/robust

Focused

- Able to identify and stay on track to get results
- Accountable to customers and ourselves for results

Engaged

- Actively involved

Optimistic

- Looks positively toward the future
- Inspires others

Diversified Business Sector's Structure



MEDICAL MALPRACTICE REFORM: COMMON GROUND

BCBSF and health care professionals work together to pass caps on non-economic damages and liability protection

Did you know 7 percent of U.S. health care cost increases from 2001 to 2002 were the result of health care litigation, directed at health care professionals, health plans and insurers? It's true, according to a recent PriceWaterhouseCoopers report (*The Factors Fueling Rising Healthcare Costs, 2002*). The bottom line is nearly \$5 billion in higher premium costs. Blue Cross and Blue Shield of Florida's (BCBSF's) Mission includes helping to provide Floridians with affordable products and services, so medical malpractice reform has been on our radar screen for quite some time.

"As much as we can bring that 7 percent down to 5 percent, or even 3 percent, and not let it get to 10 percent or higher, we are serving our members' interests," says Steven Smith, BCBSF director of State Government/Legislative Relations.

As Florida residents, we could not escape the late Spring and early Summer news updates about the Florida Legislature's repeated attempts to agree on some type of tort reform. Most providers and insurers agreed with the idea that limits on non-economic damages are the most effective way to make medical liability premiums more affordable.

Through all of this, many dedicated individuals here at BCBSF were working behind the scenes to help pass positive medical malpractice reform laws and to cap non-economic damages for providers and health plans.

"If a provider or a health plan makes a mistake and there are real economic damages, then they should pay," says Smith. "However, this cap gives the certainty that 'lottery-type' huge damages awards will end." Nobody is debating paying injured people for the actual monetary costs associated with recovery from any effects of malpractice or even lost wages. What's at issue is high jury awards for what is usually known as "pain and suffering compensation" or "emotional distress."

Dr. Dan Lestage, vice president of Health Care Programs, worked with the Florida Medical Association (FMA) to ensure BCBSF was an integral part of the physician/hospital/insurers coalition. This was an important collaboration that supports our Physician/Provider Relationship Management Strategy. We were all on the same side on this one, and Lestage served as our link with the physicians.

Florida Association of Health Plans (FAHP) on certain elements of reform needed in this year's legislation rather than waiting until the 2004 Florida Legislative session. Those elements, dealing with vicarious liability of health plans, were included in Senate Bill 2-D, which Gov. Jeb Bush signed into law in Aug. 2003.


"Vicarious liability," says Smith, "means that, without protections, health plans like BCBSF could be held liable for the actions of providers contracted with that health plan, even if they are not employees."

Charles Joseph, vice president and senior litigation counsel, was also a key contributor to the successful effort. He identified vicarious liability as a potential landmine for BCBSF. Ultimately, his targeted thinking was instrumental in the success of the company's efforts with the governor's office and the state legislature.

“we wanted to work with the providers because we were **strongly** on the same side of this issue.”

"We wanted to work with the providers because we were strongly on the same side of this issue," says Smith. "We were literally working hand-in-hand with Florida's physicians and hospitals and all providers on this."

What's more, Lestage and Smith were able to focus health plan representatives and the

The 2003 Florida Legislature got back together in August 2003 and passed Senate Bill 2-D, which included the two key provisions BCBSF supported: strong relief for health plans from vicarious liability and caps on non-economic damages. Gov. Bush quickly signed the bill into law. 

COMMON SENSE

Other recently successful lobbying efforts include:

- Senate Bill 2264, passed June 11, 2003, regulates Out-of-State Groups. BCBSF worked to get the bill passed. BCBSF suggested two provisions that will allow for the full implementation of member-driven plans as well as reduce administrative costs.

- Senate Bill 2364 began as an insurance agents' bill. BCBSF worked with Sen. Díaz de la Portilla (R-36) to add language allowing health insurers to provide reinsurance under a Workers' Compensation (WC) insurance policy. The reinsurance provision could save BCBSF's WC subsidiaries \$2.2 million per year and could provide a new marketing opportunity for BCBSF.

- Reforms in Senate Bill 50-A were signed into law July 15, 2003 and are estimated to reduce employer WC premiums by 14.5 percent.



COMMUNITY
RELATIONS

trust
Confidence
communication

Public Affairs

Sharing the Enterprise message

In today's environment of corporate mistrust, the strategic value of building confident relationships with the public cannot be underestimated. That is why Blue Cross and Blue Shield of Florida (BCBSF) has a Public Affairs Group dedicated to help build the public's trust and confidence in our company and strengthen relationships with key stakeholders.

The public's impression of a company can make or break its reputation, which ultimately can lead to success or failure. "The entire company plays a role in how the public views us," says Russ Jollivette, group vice president of Public Affairs, "because every interaction leaves an impression. The Public Affairs Group works with areas throughout the organization to ensure that the public's impressions are positive."

Every day, BCBSF interacts with many different stakeholders, including customers, employees, providers and physicians, agents and brokers, legislators and regulators and more. A focus of the Community Relations area is to differentiate

BCBSF from its competitors by leading a comprehensive program of social responsibility and community investment.

"We're taking steps to better understand our various publics' perspectives, focusing from the outside-in, so we can build stronger relationships," says Jollivette.

"To maintain and continuously improve our reputation, we must also understand what is important to our employees," says Carol Cox, senior consultant for Corporate Communications. "There is a strong link between successful companies and excellent employee communications. When employees know where the company is going, understand the company's purpose and can identify how they are a part of that purpose, it helps us achieve our goals," she explains.

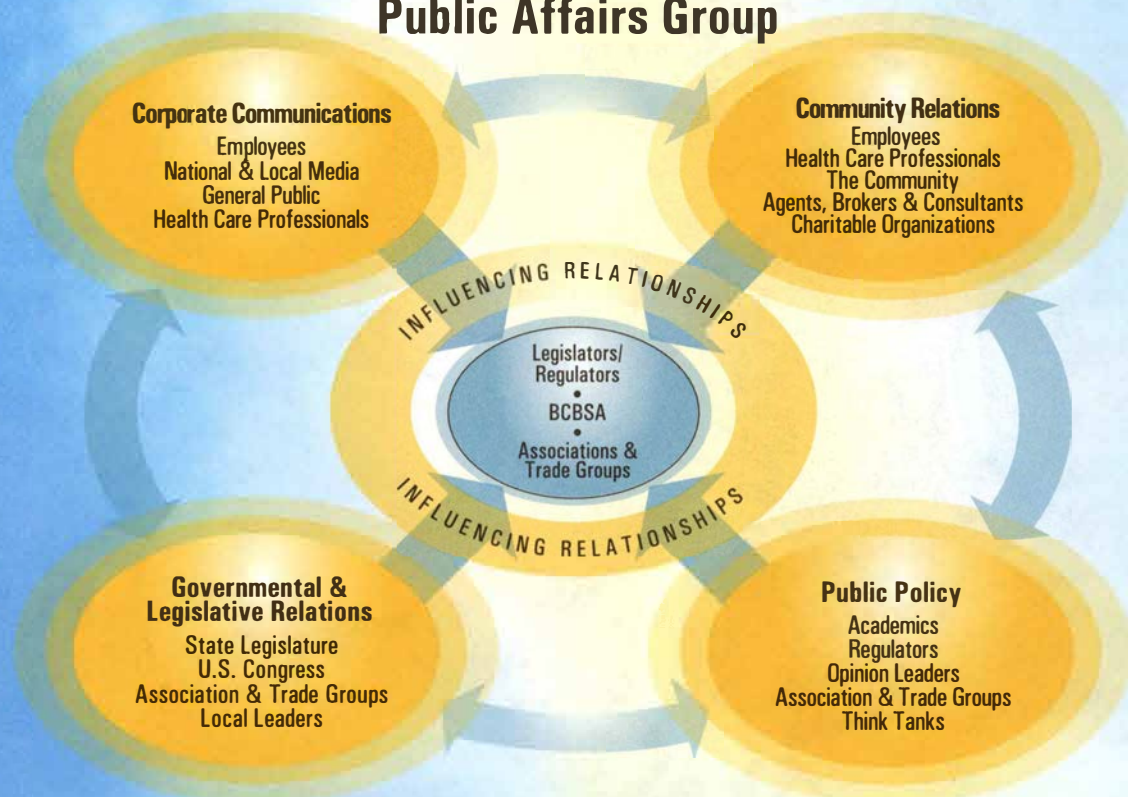
In support of employee communications, the Corporate Communications team has responsibility for a variety of communications programming including *Perspectives*, *Quick Connections* and BlueViews TV, in addition to

providing strategic communications consulting throughout the Enterprise.

BCBSF is an active corporate citizen that works to fulfill its social responsibility to advance the health and well-being of all Floridians. One way employees identify with our values and mission is through volunteer work. Last year, our employees provided 30,000 hours of volunteer service to agencies across Florida, meeting such needs as food, medical service and housing.

Our employees generously support United Way, not only through donations, but also through volunteer efforts. Hundreds of BCBSF volunteers provide leadership for the fundraising campaign and support for Days of Caring activities, as well as serve on United Way boards and committees. It is not surprising that BCBSF has been the United Way of Northeast Florida's number one contributor for the last four years. The South Geographic Business Unit (SGBU) conducted its 2003 campaign early as part of Miami-Dade's Pace Setter campaign, raising \$75,000 and almost quadrupling membership in its leadership giving. Reggie Rogers, SGBU

Public Affairs Group



campaign co-chair, says, "This campaign demonstrates the tremendous commitment the SGBU and all employees have to the United Way."

The Public Affairs Group helps to leverage our community involvement so that its cumulative impact can be shared with the public. "We established Blue Community Champions to provide a cohesive, branded approach to our volunteer activities," says Susan Wildes, senior community relations consultant. "Our Blue Community Champions are valued in the communities for their strong work ethic and skills."

decreased government funding, the number of counties in which BCBSF provides its Medicare HMO has decreased steadily since 1997.

Through its strong relationships with senior HMO members and the media, BCBSF has been able to successfully communicate its reasons for limiting availability and help seniors become involved in expressing their viewpoints to members of Congress.

Manager of Constituent Relations Bruce Middlebrooks makes annual treks to the nation's capitol with BCBSF Medicare & More members to meet with legislators and discuss the need for additional funding for the Medicare+Choice program.

"Getting involved with seniors in our Medicare & More program really puts a human face on this situation," explains Middlebrooks. "It's gratifying when you hear their stories and see how appreciative they are of the program and our efforts to strengthen it."

The Governmental and Legislative Relations division and the Public

Policy area in the Public Affairs Group ensure that relationships with legislators and regulators are strong, making grassroots initiatives like our Medicare+Choice influencing possible. These areas work year round at the state and federal levels to influence the outcome of legislation affecting our members, the company and the industry.

The Public Policy area, also part of the Public Affairs Group, works to create policy positions on important issues facing health care and insurance markets that relate to laws, legislation, regulations and government proposals.

"We do this through objective, in-depth research and by developing an understanding of Enterprise business processes," says Pamela Martin, director of Public Policy.

"We have a reputation for thoroughly analyzing legislation from a public policy perspective, not just a BCBSF perspective. For that reason, legislators and regulators will pay particular attention to our position," explains Jeff Wollitz, director of Federal Relations.

These position statements are often used by Corporate Communications in communicating the rationale for key decisions. However, even when the general public understands why a decision is made, it can still lead to negative media reports. "The media can be your best friend or your worst enemy," says Curran. "That is why it is so critical that we continue to maintain our strong relationships with reporters."

According to an external analysis, less than 1 percent of media reports about the company were negative during the second quarter of 2003. "Our role is to help the media understand who we are, what we're about and, most importantly, why we do the things we do," says Curran.

According to Jollivette, expressing who we are is a common thread running through the Public Affairs Group. "We support BCBSF's Mission of being a community-driven, customer-focused organization committed to the public good."



Medicare & More plan members visit Capitol Hill to request increased funds for the Medicare program. (L to R): Thelma Enish, Walter Brill, Rep. E. Clay Shaw (R-22), Rufus Chandler, Janet Crozier, James Mies, Ruth Mies, Diana Brill, Hazel Chandler, Bruce Middlebrooks, Virginia Powe and Shellie Powe.

And, employees have opportunities to develop their leadership skills and build strong relationships throughout their communities."

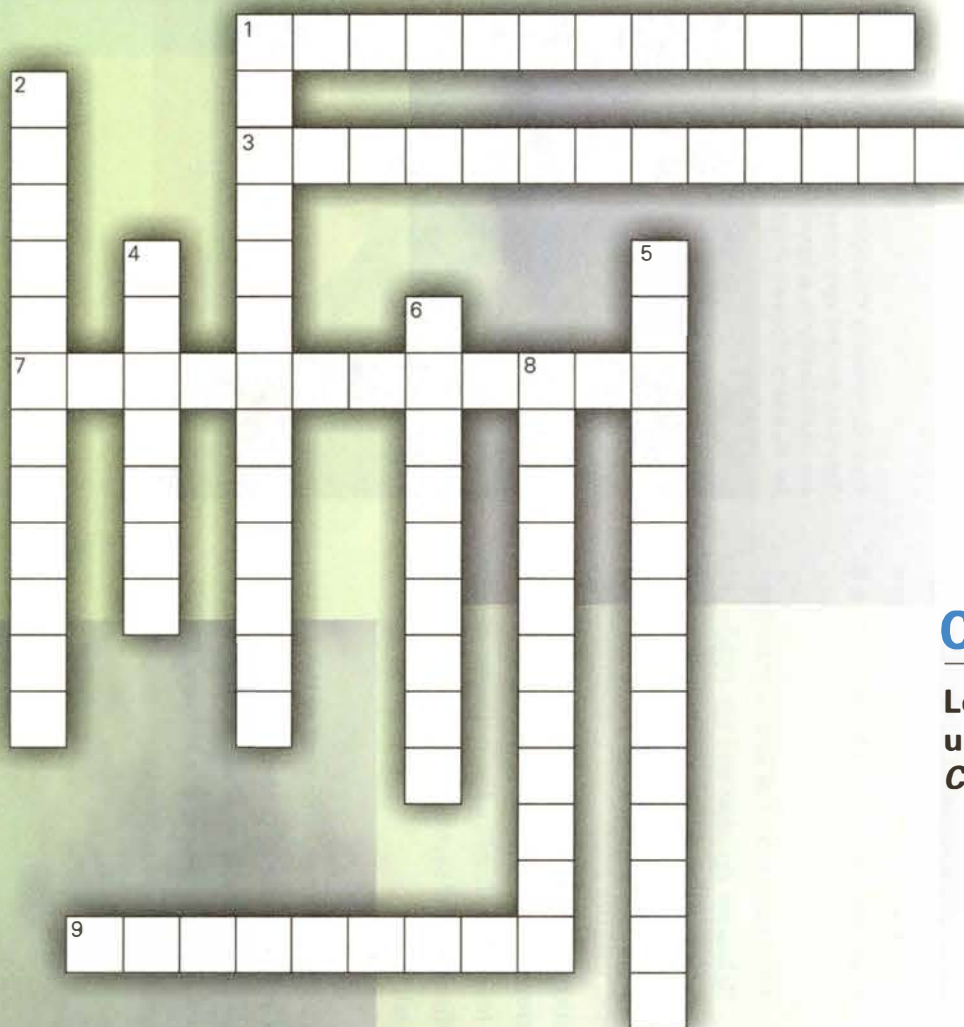
Positive relationships are especially critical when the company has to make tough decisions. "If we have a good foundation of trust and confidence, the public will be more accepting when we make difficult decisions," says Rick Curran, director of Corporate Communications.

The value of fostering strong relationships was evident when the company had to limit its popular Medicare & More product. Due to

Blue Community Champions from Health Care Services invited very special volunteers from The Arc Jacksonville to a teambuilding activity to prepare for Hubbard House's Purple Ribbon Campaign.



Tidbits



CROSSWORD

Look for the answers in an upcoming issue of *Quick Connections*.

ACROSS

1. _____ consists of the company's position with respect to any issue and related laws, bills, regulations, or governmental proposals that affect the BCBSF family of companies, our members and the health insurance market.
3. Our _____, consisting of our business definition, personality traits and positioning, is directly reflected through the BCBSF Brand Identity System in a way that is meaningful and distinctive across all audiences.
7. _____ is an application that assists managers and employees in reporting the correct worked and non-worked time into the payroll system ensuring employees are paid correctly, fairly, and within legal guidelines and company policy.
9. _____ includes all of the talents, skills, backgrounds and perspectives that make us unique and distinct individuals.

DOWN

1. _____ enhances the public's trust and confidence in BCBSF and builds strong relationships with key stakeholders.
2. BCBSF has introduced a new quarterly edition of our *BlueLine* newsletter dedicated just to hospitals. *BlueLine's* _____ was developed in response to feedback from hospitals requesting more information and communication.
4. The _____ Program™ addresses business ethics and applicable legal requirements. BCBSF is committed to applying the values of honesty, integrity and fairness in all business practices.
5. This year's United Way theme is _____ !
6. _____ is your company's news source.
8. _____ is designed to protect the value of the cross and shield and the reputation of our name. It guides us in delivering on our Promise and living up to the key attributes that define our company's personality and purpose.